



H1 2017 Results PLAY Investor Presentation

PLAY, August 2017

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Agenda

Business and Strategy

**Jørgen
Bang-Jensen
CEO**

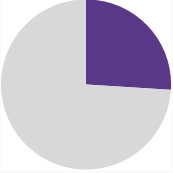








Financial Performance

**Holger Püchert
CFO**



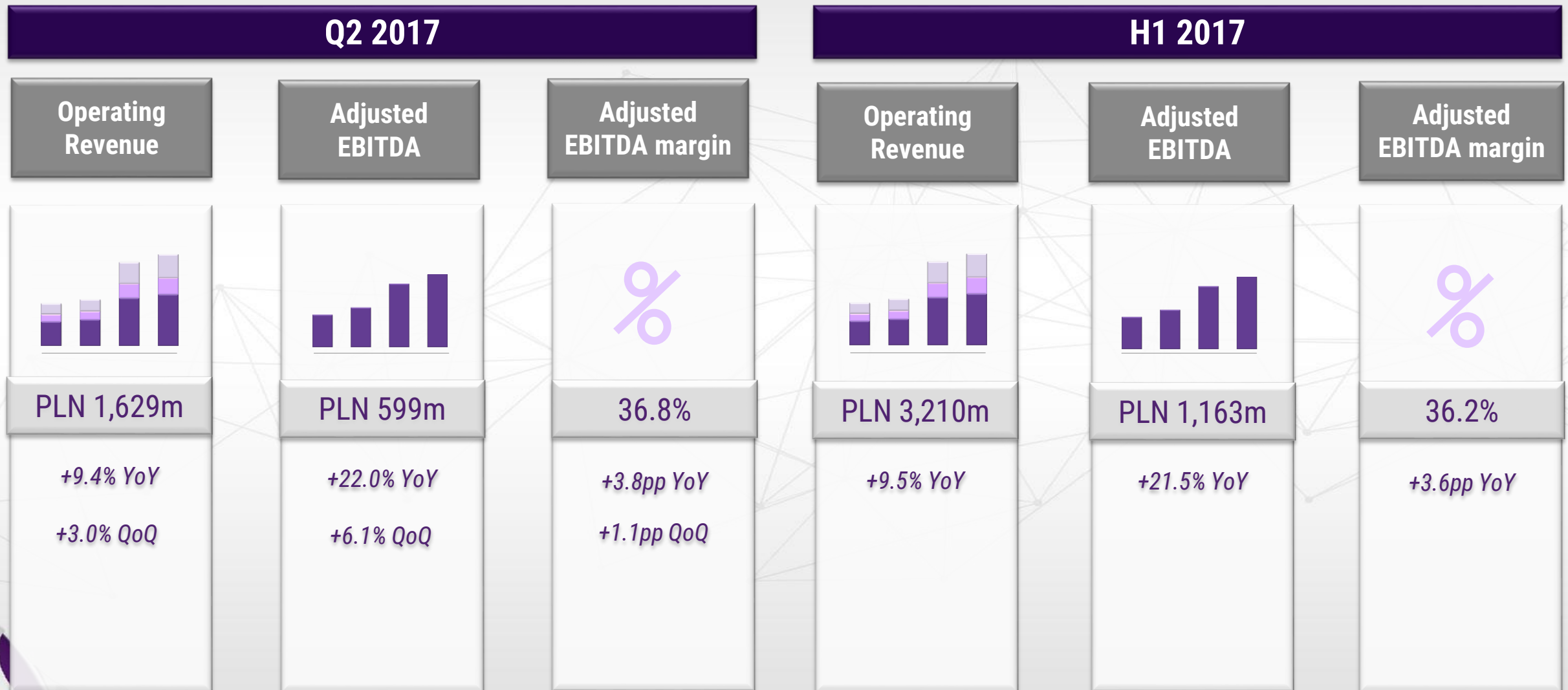
Key Highlights – Continued Commercial Success

Subscriber base growth as of June 30, 2017				Quality of Subscribers		
Market share	Total subscribers	Active subscribers	Contract subs. share	Blended ARPU	Contract churn	Contract net adds
						
28.0% ¹	14.5m	12.2m	61.7%	PLN 32.3 ²	0.7% ³	576k in H1'17
+2.5pp YoY +0.4pp QoQ	-0.9% YoY +1.0% QoQ	+5.6% YoY +2.1% QoQ	+9.5pp YoY +1.2pp QoQ	+4.0% YoY +4.2% QoQ	0.0 pp YoY 0.0 pp QoQ	+2.9% YoY

¹ based on number of SIMs as per Central Statistical Office of Poland; ² presented for active subscribers on average monthly basis over the period Q2 2017; for detail definition please refer to the Report; ³ presented for reported subscribers on an average monthly basis; for detail definition please refer to the Report

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Key Highlights – Strong Financial Performance



Q2 2017 – Key Business Developments

Continued Commercial Success

- Play **reached 28.0%¹ market share** (+2.5pp YoY) representing 14.5 million of subscribers
- In six months ended June 30, 2017, Play **added 576k net contract subscribers** (+260k in Q2'17)
- **Contract subscribers share** reached the level of **61.7%**
- **Blended ARPU increased to PLN 32.3²** from PLN 31.0 in Q1'17 and from PLN 31.0 in Q2'16
- In six months ended June 30, 2017, **Operating Revenue increased to PLN 3,210m** (+9.5% vs H1'16) which translated into **Adjusted EBITDA growth to PLN 1,163m** (+21.5% vs H1'16)
- In six months ended June 30, 2017, **Adjusted EBITDA less Cash Capex³** amounted to PLN 802m (+ 8.5% vs H1'16)

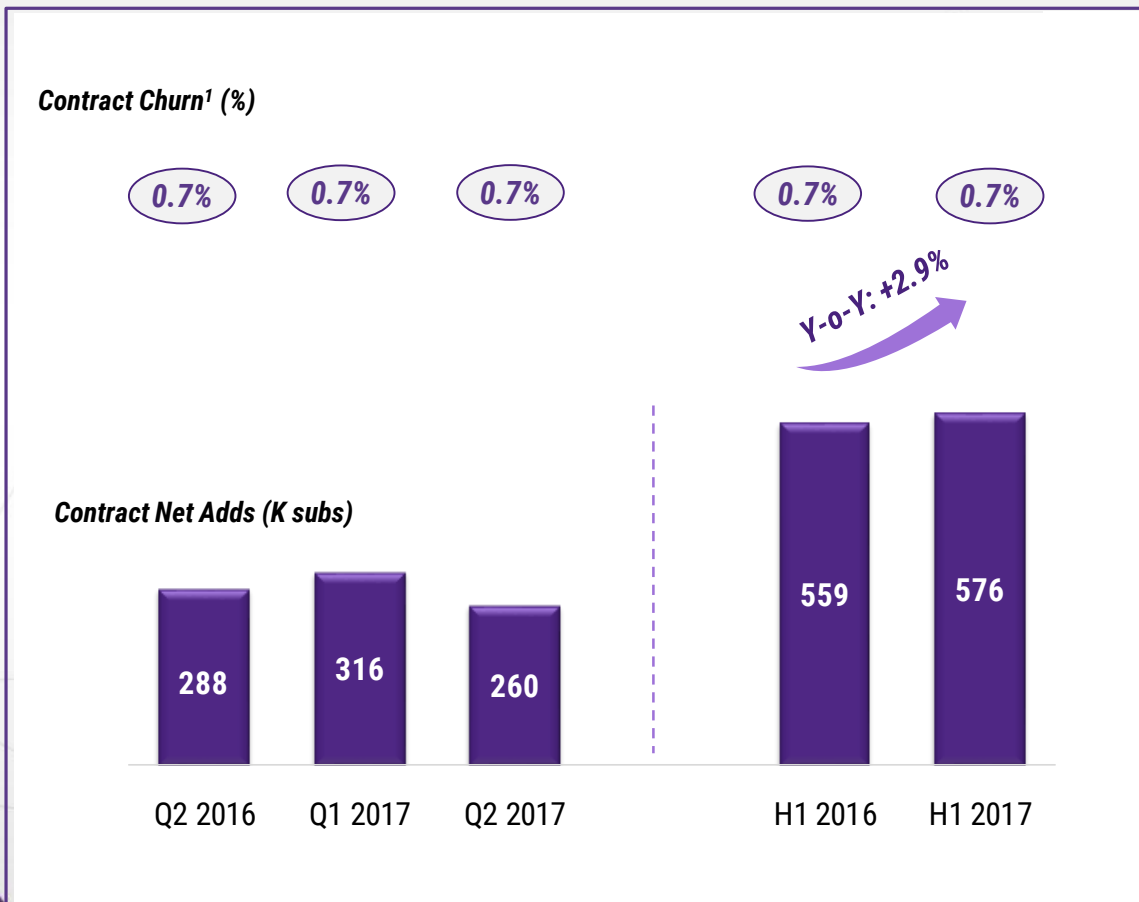
Marketing activity

- In June 2017 we launched new offerings „**Stan Nielimitowany**” which includes seven unlimited components: voice, messaging, data, UE roaming, Showmax, Tidal and PLAY NOW
- We continued offerings „**NicNiePrzepada**” for prepaid customers

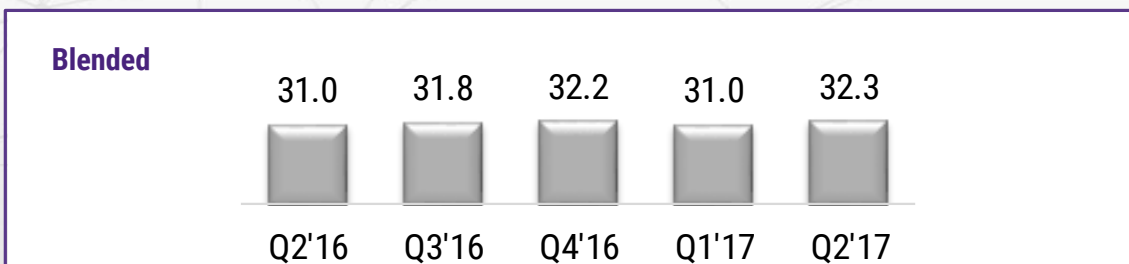
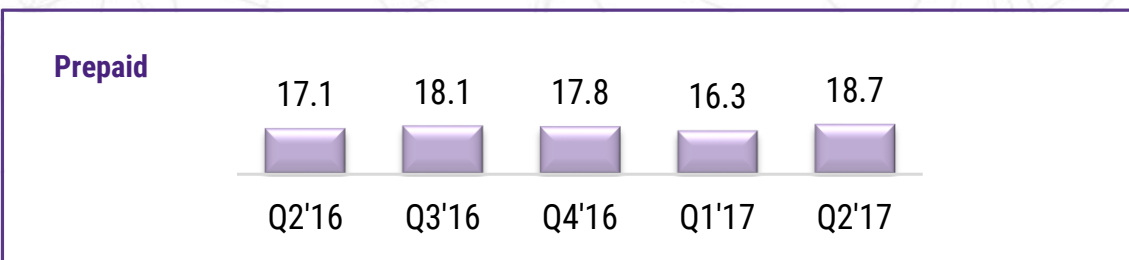
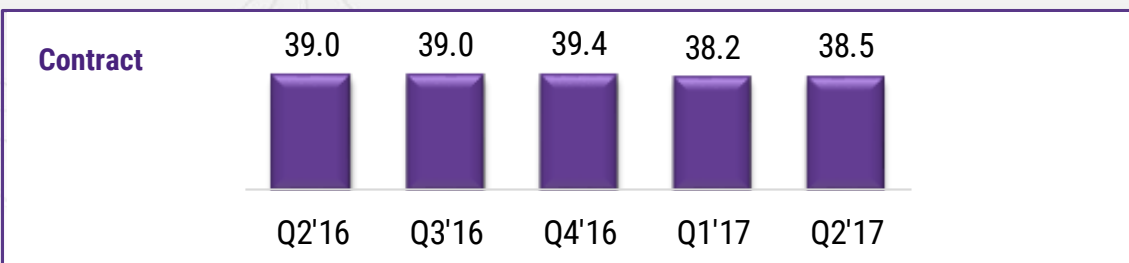
¹ based on number of SIMs as per Central Statistical Office of Poland; ² presented for active subscribers on average monthly basis over the period Q2 2017; ³ Excluding cash outflows in relation to frequency reservation acquisition

Ongoing Success of Contract Segment

CONTRACT NET ADDS (K subs)



ARPU² (PLN / month)



¹ presented for reported subscribers on an average monthly basis, for detail definitions please refer to the Report; ² presented for active subscribers on average monthly basis, for detail definitions please refer to the Report

H1 2017 – Marketing Activity

NEW UNLIMITED OFFERINGS STAN NIELIMITOWANY (UNLIMITED)



The advertisement for STAN NIELIMITOWANY (Unlimited) features a man in a green jacket holding a smartphone. The central graphic is a silver disc with the text "STAN NIELIMITOWANY" and seven icons representing the unlimited components: ROAMING UE, ROZMOWY, SMS/MMS, TIDAL muzyka, SHOWMAX filmy i seriale, PLAY NOW kanały TV, and INTERNET w smartfonie. To the right, a woman is shown with a smartphone, and a graphic displays the text "W UNII EUROPEJSKIEJ JAK W POLSCE! DZWOŃ, SMS-UJ I KORZYSTAJ Z INTERNETU".

ROAMING UE

ROZMOWY

INTERNET w smartfonie

PLAY NOW kanały TV

STAN NIELIMITOWANY

SMS/MMS

TIDAL muzyka

SHOWMAX filmy i seriale

Launching new offerings **STAN NIELIMITOWANY** (Unlimited) which includes seven unlimited components: voice, messaging, data, UE roaming, Showmax, Tidal and PLAY NOW

ONGOING OFFERINGS NIC NIE PRZEPADA (NOTHING IS LOST)



The advertisement for NIC NIE PRZEPADA (Nothing is Lost) features a man with tattoos and a woman at a podium. The text "PLAY na Kartę" is visible. The main text reads "W Play na Kartę odNOWA #NICNIEPRZEPADA". Below this, three bullet points state: "Doładowania **nie** przepadają", "Pakiety **nie** przepadają", and "Ważność konta **nie** przepada". At the bottom, a woman is shown at a podium with the text "#NicNiePrzepada" and "PLAY".

PLAY na Kartę

W Play na Kartę odNOWA #NICNIEPRZEPADA

- Doładowania **nie** przepadają
- Pakiety **nie** przepadają
- Ważność konta **nie** przepada

#NicNiePrzepada

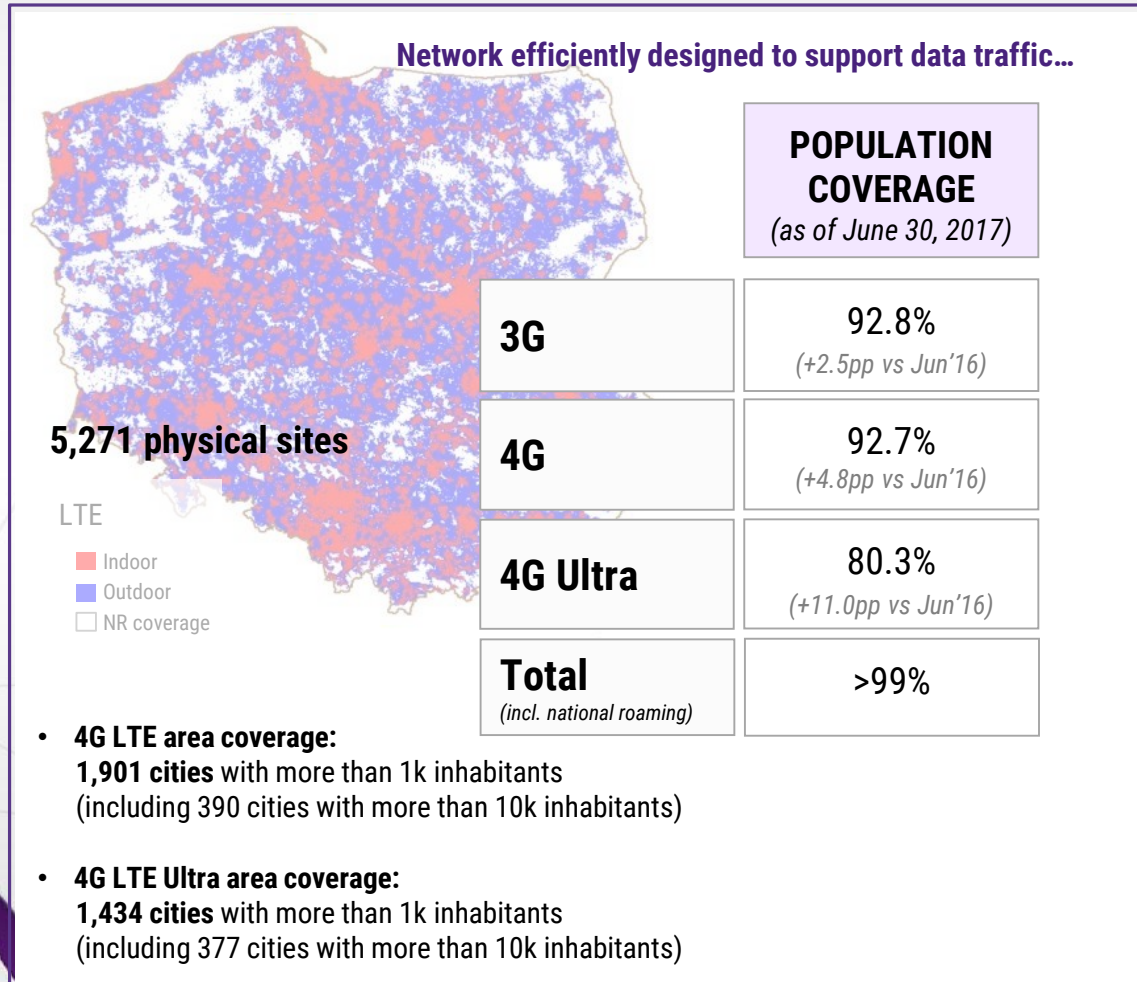
PLAY

12 miesięcy bez płatnej aktywności – dezaktywacja konta i anulowanie środków. Miesiąc bez płatnej aktywności – 2 zł

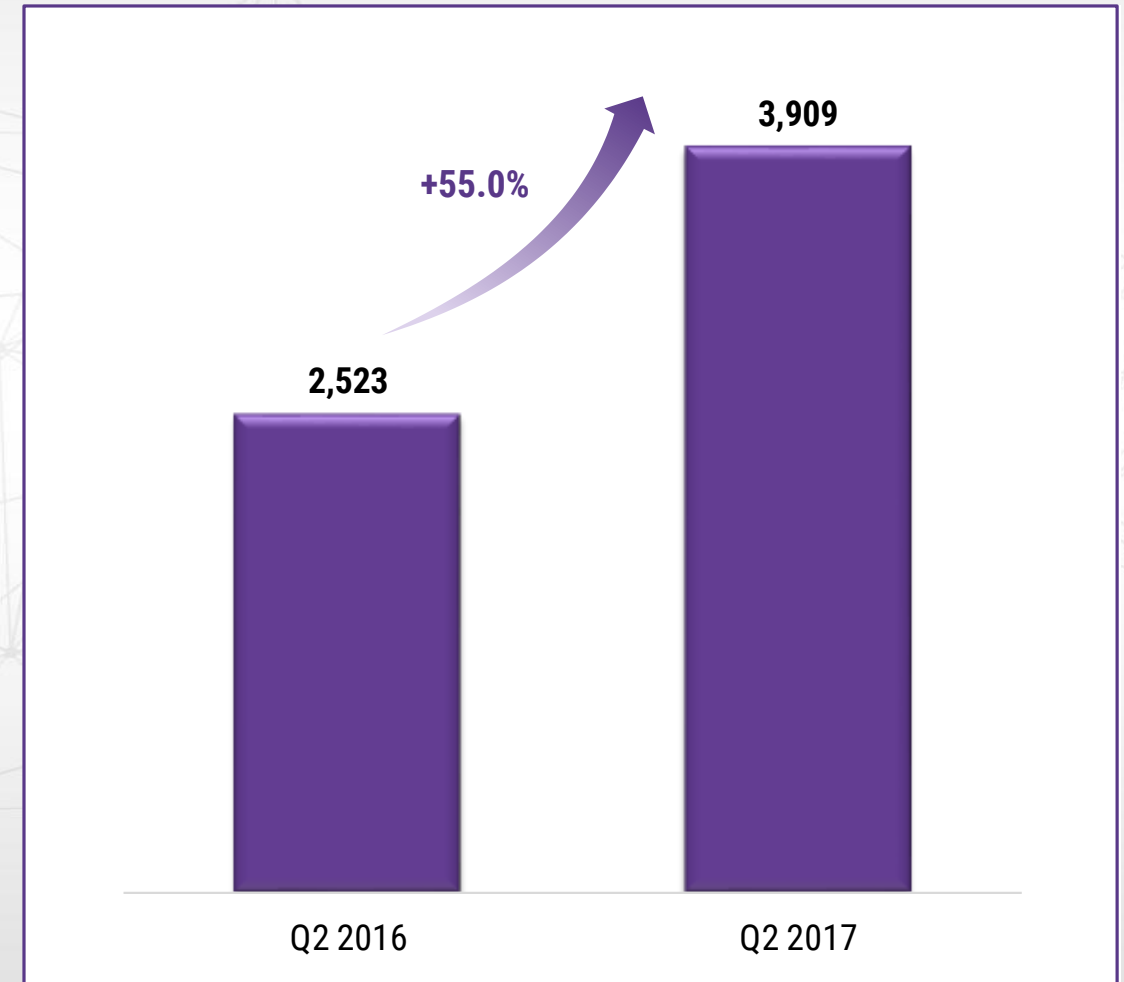
Continuation of Prepaid offerings **#NICNIEPRZEPADA** (NothingIsLost) campaign which guarantees that users will not lose the possibility of using SIM till full utilization of the balance

Continuous investments in network expansion

NETWORK COVERAGE



DATA TRAFFIC EXPANSION ¹ (MB)



¹ presented on average active monthly basis

Agenda

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**Jørgen
Bang-Jensen
CEO**



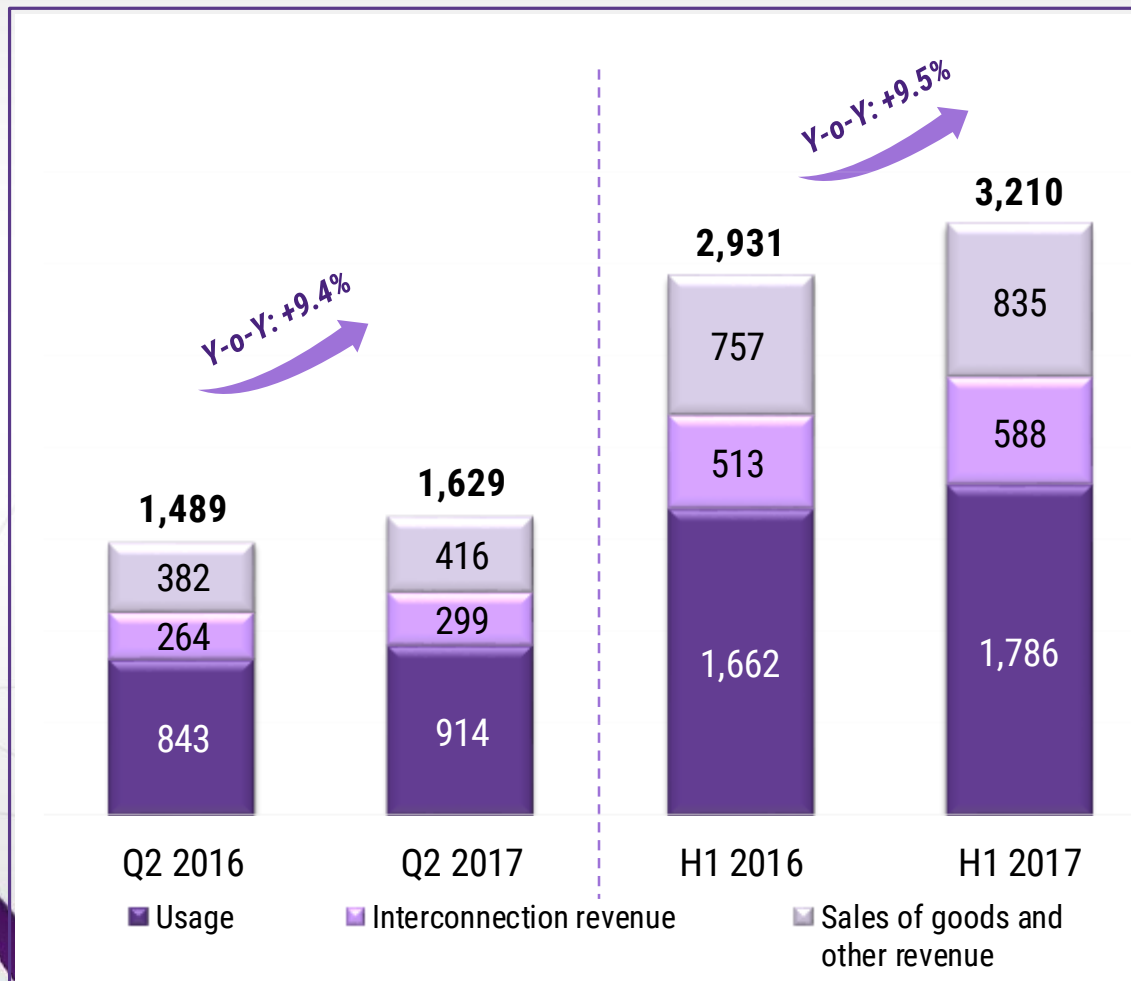
Financial Performance

**Holger Püchert
CFO**

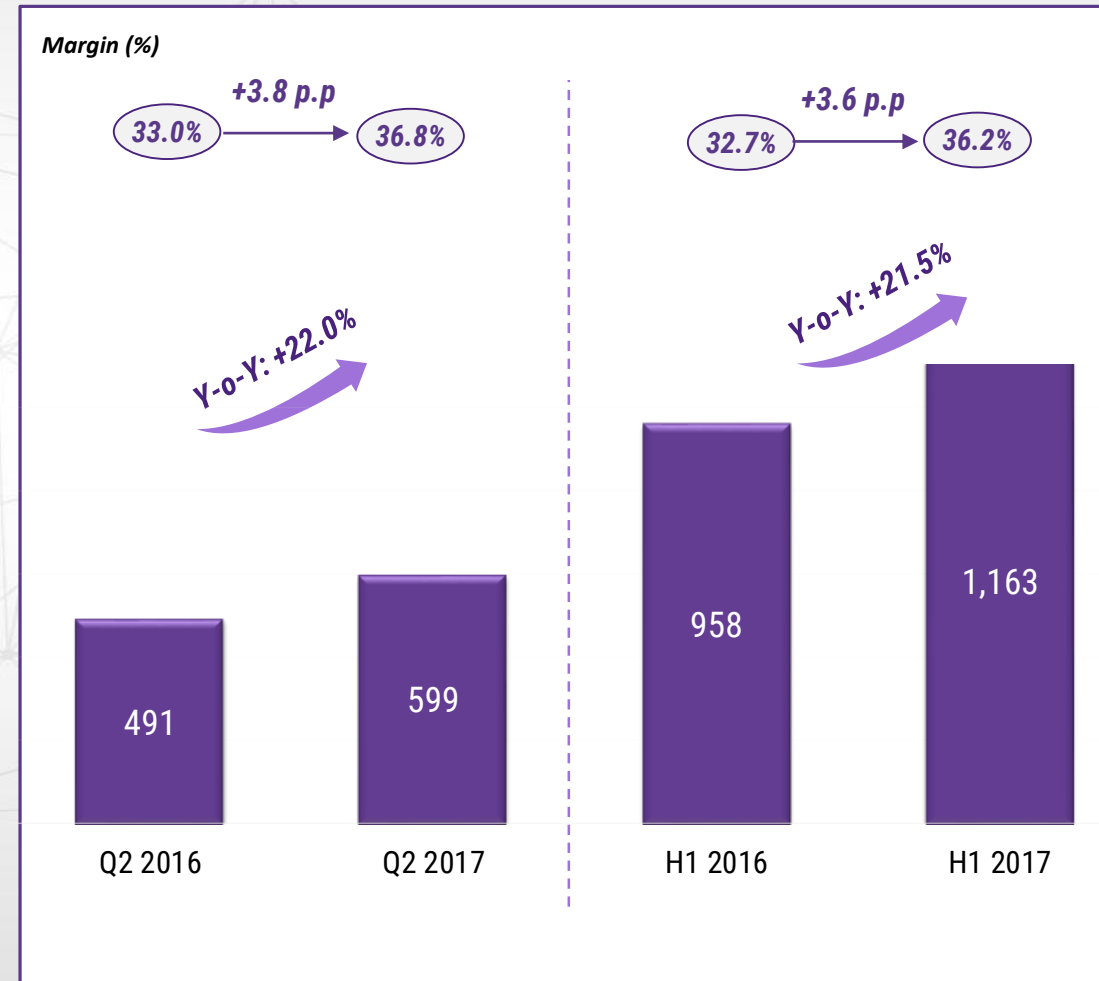


Continuous profitable growth

OPERATING REVENUE (PLNm)

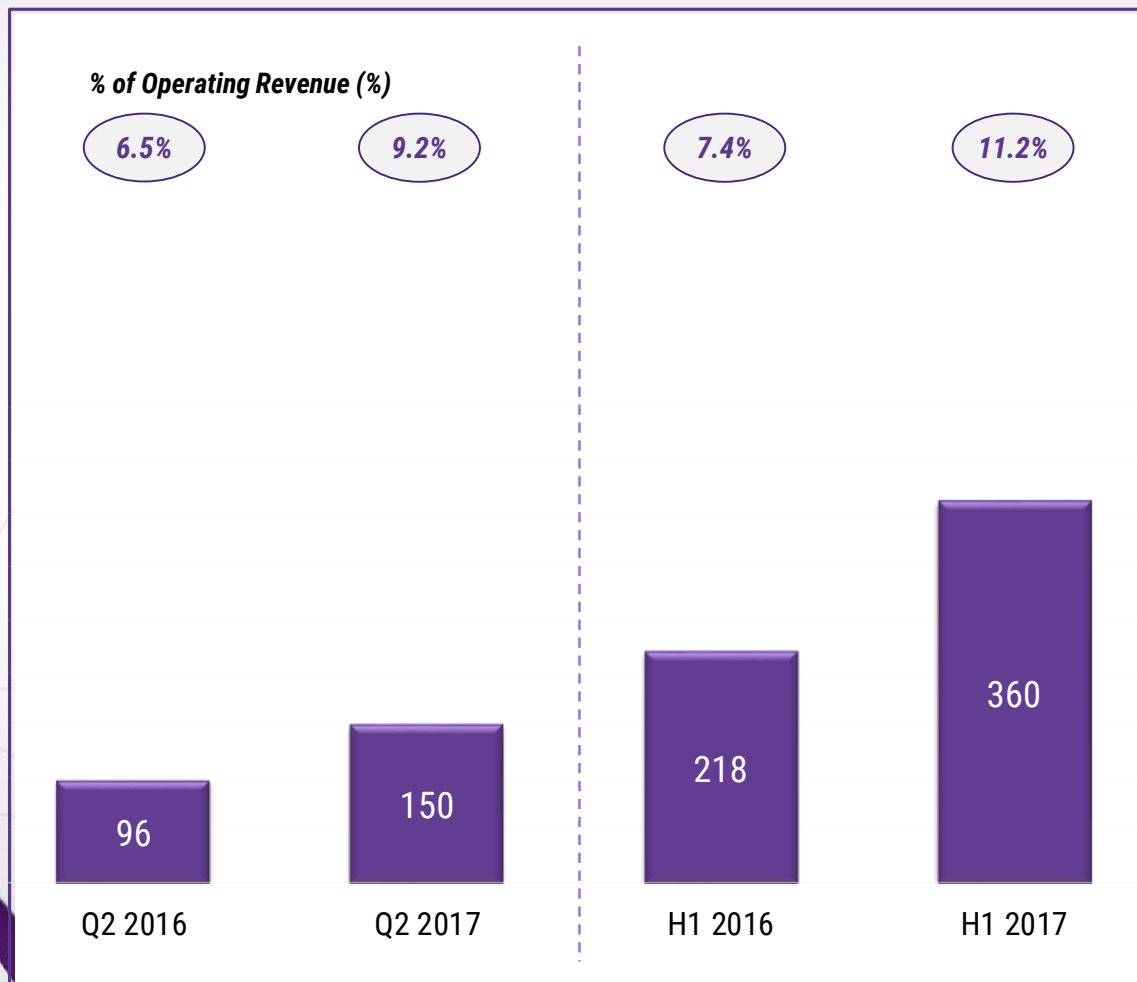


ADJUSTED EBITDA (PLNm)

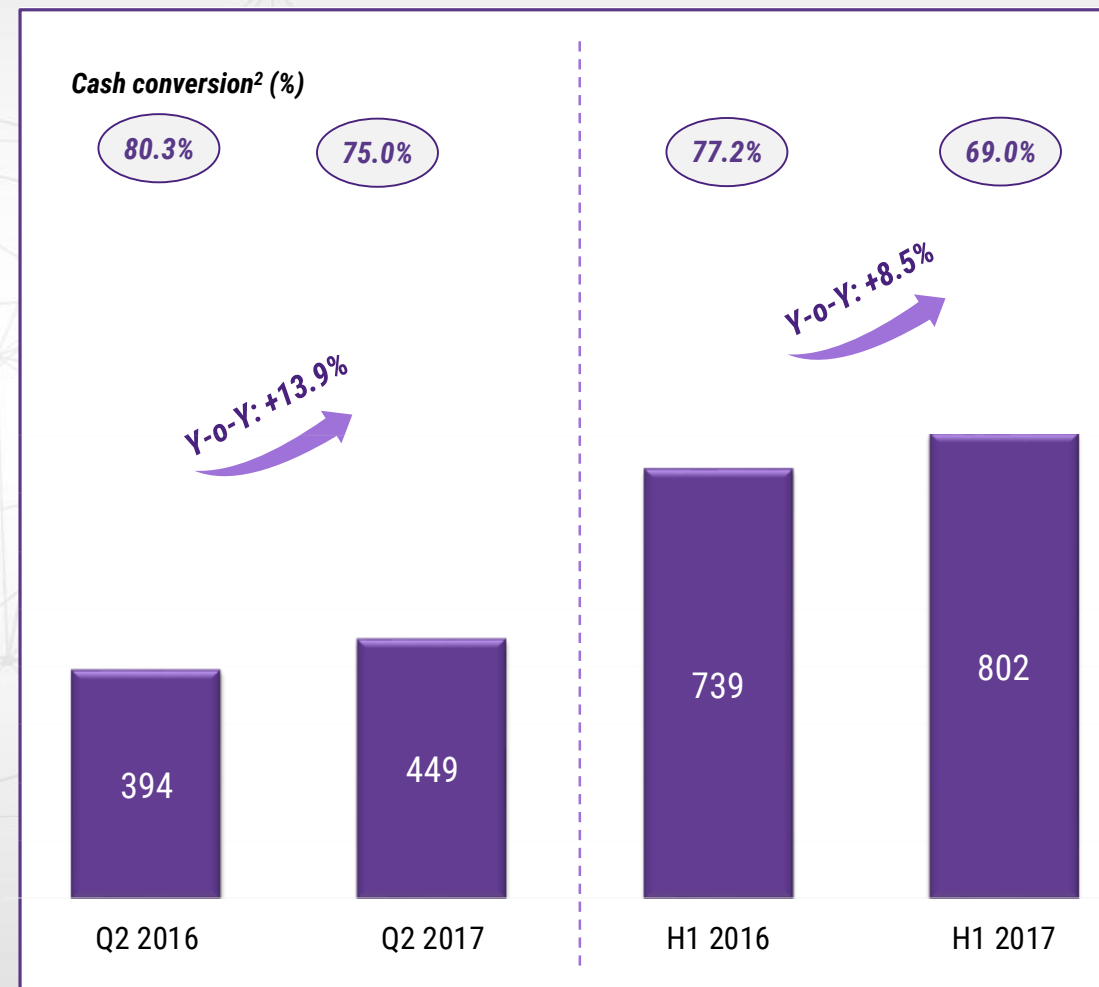


Attractive cash generation profile

Cash Capex ¹ (PLNm)



Adjusted EBITDA less Cash Capex ¹ (PLNm)



(1) Excl. cash outflows in relation to frequency reservation acquisition; (2) (Adj. EBITDA – Cash capex excl. cash outflows in relation to frequency reservation acquisition) / Adj. EBITDA

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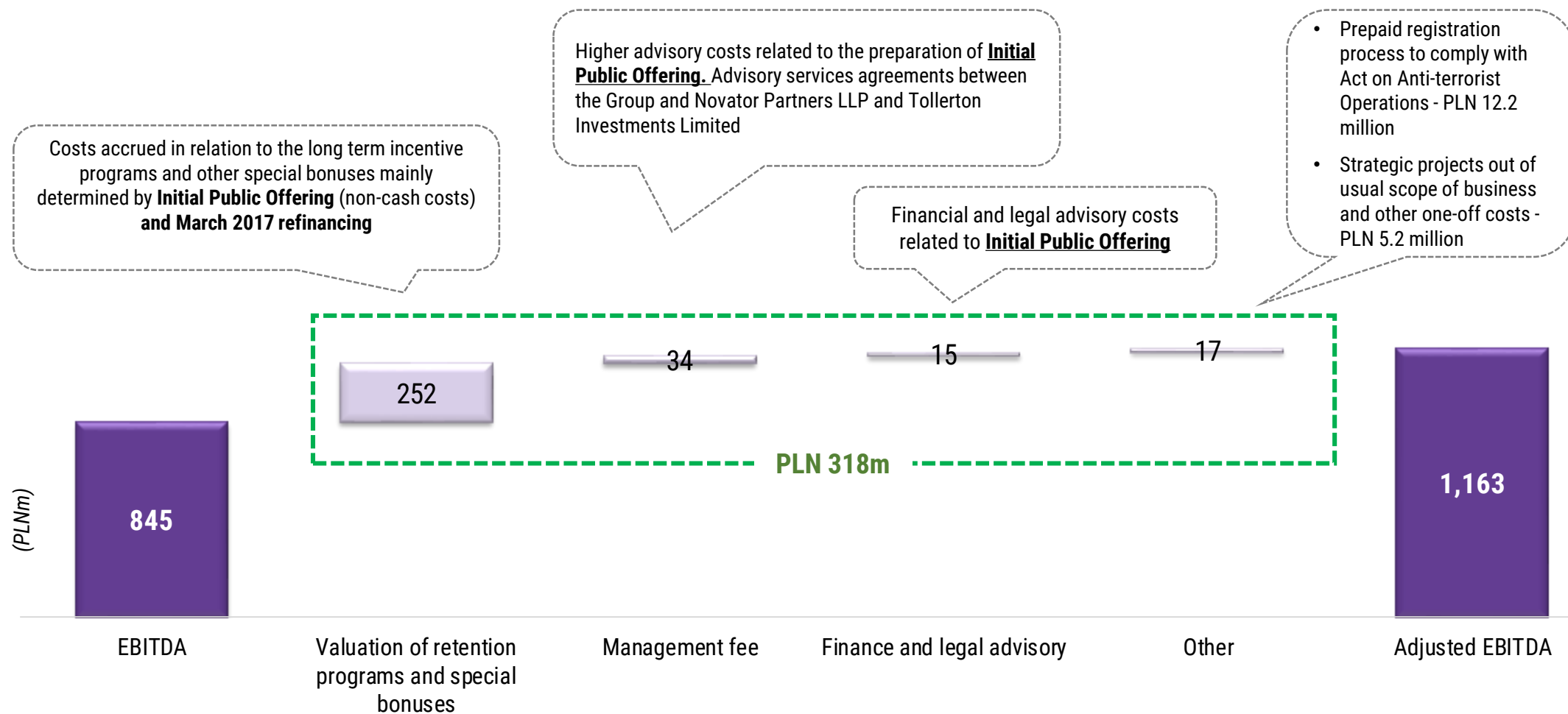
PLAY

Summary Financials

PLN millions	Q2 2016	Q2 2017	Change (%)	H1 2016	H1 2017	Change
Operating Revenue	1,489	1,629	9.4%	2,931	3,210	9.5%
Service revenue	1,107	1,213	9.5%	2,174	2,374	9.2%
Sales of goods and other revenue (Handsets)	382	416	9.0%	757	835	10.3%
Operating expenses	(802)	(828)	3.2%	(1,584)	(1,652)	4.3%
Interconnect costs	(287)	(318)	10.9%	(563)	(625)	11.0%
National roaming	(42)	(47)	12.6%	(81)	(92)	13.6%
COGS (Handsets)	(331)	(312)	-5.6%	(664)	(639)	-3.7%
Contract costs, net (Commissions)	(103)	(106)	2.7%	(203)	(214)	5.5%
Other services costs	(39)	(44)	12.0%	(73)	(81)	11.7%
Contribution margin	687	801	16.6%	1,348	1,558	15.6%
G&A and other ¹	(240)	(460)	91.6%	(435)	(713)	64.1%
EBITDA	447	341	-23.7%	913	845	-7.5%
EBITDA adjustments ²	44	258	>>100%	44	318	>>100%
Adjusted EBITDA	491	599	22.0%	958	1,163	21.5%
Depreciation and amortization	(157)	(219)	39.3%	(298)	(409)	37.3%
Finance income	34	35	3.7%	26	136	>>100%
Finance costs	(242)	(101)	-58.3%	(339)	(454)	34.0%
Profit before tax	81	56	-30.9%	302	117	-61.2%
Income tax charge	(42)	(17)	-59.5%	(126)	(60)	-52.5%
Net profit	39	39	-0.5%	176	58	-67.3%
Earnings per share (PLN)	0.16	0.16	-0.5%	0.70	0.23	-67.3%

¹ Other operating income less other operating costs; ² Described on slide number 14 „H1 2017 - One-off“

H1 2017 – One-off



FCFE (post lease payments) Scheme

(PLNm)	Q2 2016	Q2 2017	Change (%)	H1 2016	H1 2017	Change (%)
Adjusted EBITDA	491	599	22.0%	958	1,163	21.5%
Cash capex ⁽¹⁾	(96)	(150)	55.5%	(218)	(360)	65.0%
Total change in net working capital and other, change in contract assets, change in contract liabilities and change in contract costs	(119)	23	n/a	(311)	(97)	-69.0%
Cash interest ⁽²⁾	(4)	(75)	>>100%	(131)	(240)	83.1%
Cash taxes	(0)	(13)	>>100%	(51)	(172)	>100%
Lease payments	(48)	(49)	2.2%	(97)	(98)	1.7%
Free cash flow to equity (post lease payments)	223	336	50.7%	149	196	31.3%

¹ Cash capital expenditures excluding cash outflows in relation to frequency reservation acquisitions

² Comprising cash interest paid on loans, notes, and other debt

The measures presented are not comparable to similarly titled measures used by other companies. Free cash flow to equity (post lease payments) does not reflect all past expenses and cash outflows as well as does not reflect the future cash requirements necessary to pay significant interest expense, income taxes, or the future cash requirements necessary to service interest or principal payments, on our debts. We encourage you to review our financial information in its entirety and not rely on a single financial measure. See in Report "Presentation of Financial Information–Non-IFRS Measures" for an explanation of certain limitations to the use of these measures

FCFE (post lease payment) for H1'17 higher versus H1'16. The changes were as follows:

- Higher adjusted EBITDA - resulting from experiencing operating leverage and effect of scale (mainly as a result of strong increase in contract subscriber base as well as lower cost of handsets)
- Higher cash capex – resulting mainly from continuation of nationwide network roll-out
- Change in working capital, contract assets and liabilities and contract costs – largely driven by the significant reduction in the amount of installment sales after October 2016
- Higher cash interest – resulting from timing of interests payments which resulted from refinancing transaction in March 2017. The Group debt used to be composed of notes (with semi-annual interest payments) and in March the notes were refinanced with bank loans (with quarterly interest payments)
- Higher cash taxes – higher tax payment in H1 2017, due to increase in the taxable profit for 2016 in comparison to 2015 mainly due to the lower amount of utilized tax losses as substantial portion of prior years' losses had already been utilized before

Capitalization overview

	As of March 31, 2017		As of June 30, 2017	
	PLNm	xLTM Adj. EBITDA ¹	PLNm	xLTM Adj. EBITDA ²
Cash and cash equivalents	116	0.1x	271	0.1x
Senior term loan	6,443	3.0x	6,443	2.9x
Leases	863	0.4x	873	0.4x
Other debt	20	0.0x	21	0.0x
Total debt - Play Communications S.A.	7,326	3.4x	7,337	3.3x
Total net debt - Play Communications S.A.	7,210	3.4x	7,067	3.2x

Adjusted EBITDA growth based on revenue growth out of a stable cost base and efficient capex allows for further deleveraging

¹ LTM Adj. EBITDA as of March 31, 2017 of **2,133**

² LTM Adj. EBITDA as of June 30, 2017 of **2,241**

No Change on Guidance

	GUIDANCE	H1 2017 ACTUAL
Revenue growth	<ul style="list-style-type: none"> Mid-single digits growth over the medium term 	<ul style="list-style-type: none"> +9.5% Operating Revenue (PLN 3,210m)
EBITDA margin	<ul style="list-style-type: none"> Further improvement vs. 2016 Adjusted EBITDA margin 	<ul style="list-style-type: none"> +3.6pp Adjusted EBITDA margin (36.2%)
Cash capex intensity	<ul style="list-style-type: none"> 2017: Below PLN 700m Around 8% in the medium term, in line with our capital intensity in 2015/2016 2018-2020: An additional PLN 500 MM spend to accelerate own network roll out, spread over the three years and on top of our run-rate capex 	<ul style="list-style-type: none"> In line with guidance PLN 360m
Leverage	<ul style="list-style-type: none"> Target – around 2.5x net debt to LTM Adjusted EBITDA 	<ul style="list-style-type: none"> Decreasing leverage 3.2x net debt to LTM Adjusted EBITDA
Shareholder distribution	<ul style="list-style-type: none"> Cash dividend for the FYE Dec-17 of PLN 650 MM in Q2 2018⁽¹⁾ From 2018 onwards, pay-out ratio of 65-75% of the preceding year Free Cash Flow to Equity post lease payments To be revisited, once we have reached our leverage target of around 2.5x 	<ul style="list-style-type: none"> In line with plan

¹ Subject to approval by the AGM

Q&A



ask Play

Appendix



Quarterly KPIs

(PLNm)	Q1 2016	Q1 2017	Change (%)	Q2 2016	Q2 2017	Change (%)	Q1 2017	Q2 2017	Change (%)
Operating revenue	1,443	1,581	9.6%	1,489	1,629	9.4%	1,581	1,629	3.0%
Service revenue	1,067	1,161	8.8%	1,107	1,213	9.5%	1,161	1,213	4.4%
Usage revenue	818	872	6.6%	843	914	8.4%	872	914	4.8%
Adjusted EBITDA	467	564	20.8%	491	599	22.0%	564	599	6.1%
Adjusted EBITDA Margin	32.4%	35.7%	3.3 p.p.	33.0%	36.8%	3.8 p.p.	35.7%	36.8%	1.1 p.p.
Reported Subscribers - Contract (<i>no of subs.</i>)	7,341	8,682	18.3%	7,629	8,942	17.2%	8,682	8,942	3.0%
Active Subscribers - Contract (<i>no of subs.</i>)	7,181	8,173	13.8%	7,411	8,335	12.5%	8,173	8,335	2.0%
Net Additions - Contract (<i>no of subs.</i>)	271	316	16.5%	288	260	-9.8%	316	260	-17.6%
Churn - Contract (%)	0.7%	0.7%	0.0 p.p.	0.7%	0.7%	0.0 p.p.	0.7%	0.7%	0.0 p.p.
ARPU - Contract (PLN)	39.0	38.2	-2.0%	39.0	38.5	-1.2%	38.2	38.5	1.0%
Data usage per subscriber - Contract (MB)	3,214	4,404	37.0%	3,241	4,746	46.5%	4,404	4,746	7.8%
Unit SAC - Contract cash (PLN)	377	313	-17.2%	379	338	-10.7%	313	338	8.1%
% of Terminals in Contract Gross Adds	46%	43%	-2.4 p.p.	47%	46%	-1.6 p.p.	43%	46%	2.4 p.p.
Unit SRC cash (PLN)	405	324	-20.0%	368	324	-12.2%	324	324	0.0%
% of Terminals in Retention	49%	42%	-6.9 p.p.	46%	44%	-1.8 p.p.	42%	44%	2.0 p.p.